

Vessel Registration Fees and Use Tax

3.000 Fees

Listed below are some of the more common fees associated with vessels:

Original boat registration (includes stickers)	\$ 9
Penalty fee for late original registration	\$ 5
Nonresident vessel registration fee	\$37
Nonresident vessel registration fee penalty	\$19
Transfer fee (except between vessel dealers)	\$15
Each additional transfer	\$15
Penalty fee for late transfer	\$ 8
Duplicate certificate of number or ownership	\$15
Duplicate/substitute stickers	\$15
Renewal fee (two years)	\$10
Renewal fee, even year (one year)	\$ 5
Penalty fee for late renewal (even year)	\$ 3
Repossession fee	\$15
Historical vessel plaque	\$20
Transfer on death beneficiary	\$10



For trailer registration fees, see the Handbook of Registration Procedures. The handbook is available on the DMV website at www.dmv.ca.gov.

3.005 Vessel Fee Exemptions (Vehicle Code §9851)

Exempt agencies are exempt for all vessel fees except fees for a duplicate/substitute certificate or sticker. Vessels owned by The Department of Boating and Waterways are exempt from **both** registration and duplicate/substitute fees.

3.010 Original Registration Fees (Vehicle Code §9853)

When the fee for original vessel registration is due between January 1 and December 31 of any even-numbered year, submit the application with a one year renewal fee, in addition to any other fees due.

When the fee for original vessel registration is due between December 1 and December 31 of any odd-numbered year, submit the two-year renewal fee, in addition to any other fees due.

EXAMPLES:

A vessel sold on 4-20-2004 is assigned an expiration date of 12-31-2005 and is subject to an original registration fee plus renewal for 2005.

A vessel sold on 12-6-2005 is assigned an expiration date of 12-31-2007 and is subject to an original registration fee plus a two-year renewal fee. Applications submitted between December 1 and December 31 will not receive a renewal notice.

3.015 Tax Basis (Vehicle Code §9928)

Vessel use tax is based on the situs (location) **county** or on the registered owner's residence county, if no situs is shown. The minimum use tax in California is 7.25%. Those counties and cities which assess a greater or lesser tax percentage are shown in the use tax tables in Appendix 1A.

Write or print the purchase price on the transfer document. Use tax is based on the purchase price, which includes the cost of the vessel, the motor, and all component parts of the vessel when in use. This includes all property attached to the structure which is necessary for navigation and operation of the vessel or for the comfort and convenience of the passengers and crew (i.e., radio or radar equipment, anchors, lifeboats, compasses, built-in bunks, window shades and curtains, plumbing fixtures, etc.).

Submit a 10% use tax penalty if the registration and use tax fees are not paid within 30 days of the transfer date (Vehicle Code §9862, Revenue & Taxation Code §6591).

3.020 Vessel Agents Authorized to Collect Use Tax

Licensed boat dealers, manufacturers, and yacht/ship brokers who collect sales tax on retail sales and submit it directly to the Board of Equalization, must complete a Sales Tax Certification (BOAT 110).

Include a BOAT 110 form with applications in which sales tax has been collected, unless use tax is being submitted to the department.

3.025 Taxable Transfers Between Licensed Dealers

Use tax is not due on transfers between licensed vessel dealers if the vessel is purchased for resale.

If a licensed vehicle dealer who is not an authorized vessel dealer purchases a vessel from someone other than an authorized vessel dealer or manufacturer, use tax is due. If the vehicle dealer sells the vessel, this constitutes a multiple transfer, and use tax is due for both sales.

3.030 Livery and For Hire Vessels

Use tax is due for livery and “for hire” vessels unless the applicant submits a Miscellaneous Statements of Fact (REG 256) indicating that the tax on the rental receipts will be paid to the Board of Equalization.

3.035 Gift or No Consideration

Gifts and exchanges for no valuable consideration between individuals require a Miscellaneous Statements of Fact (REG 256) from the applicant. The title, a bill of sale (REG 262 or REG 135), or a Miscellaneous Statements of Fact (REG 256) must contain the current market value of the vessel.

3.040 Youth Group Exempt Vessels

Use tax is due on transfers to youth groups unless a vessel is a gift.

3.045 Nonresident Military

If an applicant states he or she took possession of a vessel and was subsequently transferred to California within 90 days of that date, an exemption from use tax (BT 111) may be granted by the Board of Equalization. The U.S. Soldiers and Sailors Act **does not** apply to vessels. Vessels cannot be registered as “nonresident military.”

3.050 Sale of a Vessel to a Native American

If delivery of a vessel is made to a Native American owner who resides on an Indian reservation, and the vessel will principally be used on the reservation, a

Miscellaneous Certifications (REG 256A) is required to exempt the application from use tax.

3.055 Purchase of a Vessel Outside California

If a vessel is purchased out of state and brought into California within 365 days of purchase, use tax is due. If the vessel was purchased out of state, and sales tax or use tax was paid to another state, additional tax may be due upon registration in California. Obtain a completed Miscellaneous Statements of Fact (REG 256) and collect the difference in tax.

EXAMPLE:

If a vessel is purchased in another state on January 1, 2005, and is first used in California on November 6, 2005, it is subject to California use tax (within 365 days of the purchase date). If the applicant paid 5% sales tax when it was purchased, and the vessel is now located in Sacramento, the 5% tax will be credited against the amount California would have charged, in this case 7.75%. The difference between the two figures, as shown below, is what will be charged.

\$ 1,000	Purchase price
<u>x.0775</u>	7.75% tax rate
\$ 77.50	California tax due
<u>- 50.00</u>	Sales/use tax paid to another state
\$ 28.00	Balance of tax due California rounded to the nearest dollar.

Submit \$28 for the balance due (rounded to the nearest dollar).

If you have any questions concerning a customer's claim for exemption from use tax, contact the Board of Equalization for assistance.